

1 AN ACT concerning partnerships.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 ARTICLE 1
5 GENERAL PROVISIONS

6 Section 100. Short title. This Act may be cited as the
7 Uniform Partnership Act (1997).

8 Section 101. Definitions. In this Act:

9 (a) "Business" includes every trade, occupation, and
10 profession.

11 (b) "Debtor in bankruptcy" means a person who is the
12 subject of:

13 (1) an order for relief under Title 11 of the
14 United States Code or a comparable order under a
15 successor statute of general application; or

16 (2) a comparable order under federal, state, or
17 foreign law governing insolvency.

18 (c) "Distribution" means a transfer of money or other
19 property from a partnership to a partner in the partner's
20 capacity as a partner or to the partner's transferee.

21 (d) "Foreign limited liability partnership" means a
22 partnership that:

23 (1) is formed under laws other than the laws of
24 this State; and

25 (2) has the status of a limited liability
26 partnership under those laws.

27 (e) "Limited liability partnership" means a partnership
28 that has filed a statement of qualification under Section
29 1001 and does not have a similar statement in effect in any

1 other jurisdiction.

2 (f) "Partnership" means an association of 2 or more
3 persons to carry on as co-owners a business for profit formed
4 under Section 202 of this Act, predecessor law, or comparable
5 law of another jurisdiction.

6 (g) "Partnership agreement" means the agreement, whether
7 written, oral, or implied, among the partners concerning the
8 partnership, including amendments to the partnership
9 agreement.

10 (h) "Partnership at will" means a partnership in which
11 the partners have not agreed to remain partners until the
12 expiration of a definite term or the completion of a
13 particular undertaking.

14 (i) "Partnership interest" or "partner's interest in the
15 partnership" means all of a partner's interests in the
16 partnership, including the partner's transferable interest
17 and all management and other rights.

18 (j) "Person" means an individual, corporation, business
19 trust, estate, trust, partnership, association, joint
20 venture, government, governmental subdivision, agency, or
21 instrumentality, or any other legal or commercial entity.

22 (k) "Property" means all property, real, personal, or
23 mixed, tangible or intangible, or any interest therein.

24 (l) "State" means a state of the United States, the
25 District of Columbia, the Commonwealth of Puerto Rico, or any
26 territory or insular possession subject to the jurisdiction
27 of the United States.

28 (m) "Statement" means a statement of partnership
29 authority under Section 303 of this Act, a statement of
30 denial under Section 304, a statement of dissociation under
31 Section 704, a statement of dissolution under Section 805, a
32 statement of merger under Section 907 or 908, a statement of
33 qualification under Section 1001, a statement of withdrawal
34 under Section 1001 or 1102, a statement of foreign

1 qualification under Section 1102, or an amendment or
2 cancellation of any of the foregoing.

3 (n) "Transfer" includes an assignment, conveyance,
4 lease, mortgage, deed, and encumbrance.

5 Section 102. Knowledge and notice.

6 (a) A person knows a fact if the person has actual
7 knowledge of it.

8 (b) A person has notice of a fact if the person:

9 (1) knows of it;

10 (2) has received a notification of it; or

11 (3) has reason to know it exists from all of the
12 facts known to the person at the time in question.

13 (c) A person notifies or gives a notification to another
14 by taking steps reasonably required to inform the other
15 person in ordinary course, whether or not the other person
16 learns of it.

17 (d) A person receives a notification when the
18 notification:

19 (1) comes to the person's attention; or

20 (2) is duly delivered at the person's place of
21 business or at any other place held out by the person as
22 a place for receiving communications.

23 (e) Except as otherwise provided in subsection (f), a
24 person other than an individual knows, has notice, or
25 receives a notification of a fact for purposes of a
26 particular transaction when the individual conducting the
27 transaction knows, has notice, or receives a notification of
28 the fact, or in any event when the fact would have been
29 brought to the individual's attention if the person had
30 exercised reasonable diligence. The person exercises
31 reasonable diligence if it maintains reasonable routines for
32 communicating significant information to the individual
33 conducting the transaction and there is reasonable compliance

1 with the routines. Reasonable diligence does not require an
 2 individual acting for the person to communicate information
 3 unless the communication is part of the individual's regular
 4 duties or the individual has reason to know of the
 5 transaction and that the transaction would be materially
 6 affected by the information.

7 (f) A partner's knowledge, notice, or receipt of a
 8 notification of a fact relating to the partnership is
 9 effective immediately as knowledge by, notice to, or receipt
 10 of a notification by the partnership, except in the case of a
 11 fraud on the partnership committed by or with the consent of
 12 that partner.

13 Section 103. Effect of partnership agreement;
 14 nonwaivable provisions.

15 (a) Except as otherwise provided in subsection (b),
 16 relations among the partners and between the partners and the
 17 partnership are governed by the partnership agreement. To the
 18 extent the partnership agreement does not otherwise provide,
 19 this Act governs relations among the partners and between the
 20 partners and the partnership.

21 (b) The partnership agreement may not:

22 (1) vary the rights and duties under Section 105
 23 except to eliminate the duty to provide copies of
 24 statements to all of the partners;

25 (2) unreasonably restrict the right of access to
 26 books and records under Section 403(b);

27 (3) eliminate or reduce a partner's fiduciary
 28 duties, but may:

29 (i) identify specific types or categories of
 30 activities that do not violate these duties, if not
 31 manifestly unreasonable; and

32 (ii) specify the number or percentage of
 33 partners that may authorize or ratify, after full

1 disclosure of all material facts, a specific act or
2 transaction that otherwise would violate these
3 duties;

4 (4) eliminate or reduce the obligation of good
5 faith and fair dealing under Section 404(d), but the
6 partnership agreement may prescribe the standards by
7 which the performance of the obligation is to be
8 measured, if the standards are not manifestly
9 unreasonable;

10 (5) vary the power to dissociate as a partner under
11 Section 602(a), except to require the notice under
12 Section 601(1) to be in writing;

13 (6) vary the right of a court to expel a partner in
14 the events specified in Section 601(5);

15 (7) vary the requirement to wind up the partnership
16 business in cases specified in Section 801(4), (5), or
17 (6);

18 (8) vary the law applicable to a limited liability
19 partnership under Section 106(b); or

20 (9) restrict the rights of a person, other than a
21 partner and transferee of a partner's transferable
22 interest under this Act.

23 Section 104. Supplemental principles of law.

24 (a) Unless displaced by particular provisions of this
25 Act, the principles of law and equity supplement this Act.

26 (b) If an obligation to pay interest arises under this
27 Act and the rate is not specified, the rate is that specified
28 in Section 4 of the Interest Act.

29 Section 105. Execution, filing, and recording of
30 statements.

31 (a) A statement may be filed in the office of the
32 Secretary of State. A certified copy of a statement that is

1 filed in an office in another State may be filed in the
2 office of the Secretary of State. Either filing has the
3 effect provided in this Act with respect to partnership
4 property located in or transactions that occur in this State.

5 (b) A certified copy of a statement that has been filed
6 in the office of the Secretary of State and recorded in the
7 office for recording transfers of real property has the
8 effect provided for recorded statements in this Act. A
9 recorded statement that is not a certified copy of a
10 statement filed in the office of the Secretary of State does
11 not have the effect provided for recorded statements in this
12 Act.

13 (c) A statement filed by a partnership must be executed
14 by at least 2 partners. Other statements must be executed by
15 a partner or other person authorized by this Act. An
16 individual who executes a statement as, or on behalf of, a
17 partner or other person named as a partner in a statement
18 shall personally declare under penalty of perjury that the
19 contents of the statement are accurate.

20 (d) A person authorized by this Act to file a statement
21 may amend or cancel the statement by filing an amendment or
22 cancellation that names the partnership, identifies the
23 statement, and states the substance of the amendment or
24 cancellation.

25 (e) A person who files a statement pursuant to this
26 Section shall promptly send a copy of the statement to every
27 nonfiling partner and to any other person named as a partner
28 in the statement. Failure to send a copy of a statement to a
29 partner or other person does not limit the effectiveness of
30 the statement as to a person not a partner.

31 (f) The Secretary of State may collect a fee for filing
32 or providing a certified copy of a statement as provided in
33 Section 108. The officer responsible for recording transfers
34 of real property may collect a fee for recording a statement.

1 Section 106. Governing law.

2 (a) Except as otherwise provided in subsection (b), the
3 law of the jurisdiction in which a partnership has its chief
4 executive office governs relations among the partners and
5 between the partners and the partnership.

6 (b) The law of this State governs relations among the
7 partners and between the partners and the partnership and the
8 liability of partners for an obligation of a limited
9 liability partnership.

10 Section 107. Partnership subject to amendment or repeal
11 of Act. A partnership governed by this Act is subject to any
12 amendment to or repeal of this Act.

13 Section 108. Fees.

14 (a) The Secretary of State shall charge and collect in
15 accordance with the provisions of this Act and rules
16 promulgated under its authority:

- 17 (1) fees for filing documents;
- 18 (2) miscellaneous charges; and
- 19 (3) fees for the sale of lists of filings, copies
20 of any documents, and the sale or release of any
21 information.

22 (b) The Secretary of State shall charge and collect:

- 23 (1) for furnishing a copy or certified copy of any
24 document, instrument, or paper relating to a registered
25 limited liability partnership, \$1 per page, but not less
26 than \$25, and \$25 for the certificate and for affixing
27 the seal to the certificate;
- 28 (2) for the transfer of information by computer
29 process media to any purchaser, fees established by rule;
- 30 (3) for filing a statement of partnership
31 authority, \$25;
- 32 (4) for filing a statement of denial, \$25;

- 1 (5) for filing a statement of dissociation, \$25;
- 2 (6) for filing a statement of dissolution, \$100;
- 3 (7) for filing a statement of merger, \$100;
- 4 (8) for filing a statement of qualification for a
- 5 limited liability partnership organized under the laws of
- 6 this State, \$100 for each partner, but in no event shall
- 7 the fee be less than \$200 or exceed \$5,000;
- 8 (9) for filing a statement of foreign
- 9 qualification, \$500;
- 10 (10) for filing a renewal statement for a limited
- 11 liability partnership organized under the laws of this
- 12 State, \$100 for each partner, but in no event shall the
- 13 fee be less than \$200 or exceed \$5,000;
- 14 (11) for filing a renewal statement for a foreign
- 15 limited liability partnership, \$300.
- 16 (12) for filing an amendment or cancellation of a
- 17 statement, \$25;
- 18 (13) for filing a statement of withdrawal, \$100;
- 19 (14) for the purposes of changing the registered
- 20 agent name or registered office, or both, \$25.

21 (c) All fees collected pursuant to this Act shall be
22 deposited into the Division of Corporations Limited Liability
23 Partnership Fund.

24 (d) There is hereby continued in the State treasury a
25 special fund to be known as the Division of Corporations
26 Limited Liability Partnership Fund. Moneys deposited into the
27 Fund shall, subject to appropriation, be used by the Business
28 Services Division of the Office of the Secretary of State to
29 administer the responsibilities of the Secretary of State
30 under this Act. The balance of the Fund at the end of any
31 fiscal year shall not exceed \$200,000, and any amount in
32 excess thereof shall be transferred to the General Revenue
33 Fund.

1 (1) Joint tenancy, tenancy in common, tenancy by
 2 the entireties, joint property, common property, or part
 3 ownership does not by itself establish a partnership,
 4 even if the co-owners share profits made by the use of
 5 the property.

6 (2) The sharing of gross returns does not by itself
 7 establish a partnership, even if the persons sharing them
 8 have a joint or common right or interest in property from
 9 which the returns are derived.

10 (3) A person who receives a share of the profits of
 11 a business is presumed to be a partner in the business,
 12 unless the profits were received in payment:

13 (i) of a debt by installments or otherwise;

14 (ii) for services as an independent contractor
 15 or of wages or other compensation to an employee;

16 (iii) of rent;

17 (iv) of an annuity or other retirement or
 18 health benefit to a beneficiary, representative, or
 19 designee of a deceased or retired partner;

20 (v) of interest or other charge on a loan,
 21 even if the amount of payment varies with the
 22 profits of the business, including a direct or
 23 indirect present or future ownership of the
 24 collateral, or rights to income, proceeds, or
 25 increase in value derived from the collateral; or

26 (vi) for the sale of the goodwill of a
 27 business or other property by installments or
 28 otherwise.

29 Section 203. Partnership property. Property acquired by a
 30 partnership is property of the partnership and not of the
 31 partners individually.

32 Section 204. When property is partnership property.

1 (a) Property is partnership property if acquired in the
2 name of:

3 (1) the partnership; or

4 (2) one or more partners with an indication in the
5 instrument transferring title to the property of the
6 person's capacity as a partner or of the existence of a
7 partnership but without an indication of the name of the
8 partnership.

9 (b) Property is acquired in the name of the partnership
10 by a transfer to:

11 (1) the partnership in its name; or

12 (2) one or more partners in their capacity as
13 partners in the partnership, if the name of the
14 partnership is indicated in the instrument transferring
15 title to the property.

16 (c) Property is presumed to be partnership property if
17 purchased with partnership assets, even if not acquired in
18 the name of the partnership or of one or more partners with
19 an indication in the instrument transferring title to the
20 property of the person's capacity as a partner or of the
21 existence of a partnership.

22 (d) Property acquired in the name of one or more of the
23 partners, without an indication in the instrument
24 transferring title to the property of the person's capacity
25 as a partner or of the existence of a partnership and without
26 use of partnership assets, is presumed to be separate
27 property, even if used for partnership purposes.

28 ARTICLE 3
29 RELATIONS OF PARTNERS TO
30 PERSONS DEALING WITH PARTNERSHIP

31 Section 301. Partner agent of partnership. Subject to the
32 effect of a statement of partnership authority under Section

1 303 of this Act:

2 (1) Each partner is an agent of the partnership for
3 the purpose of its business. An act of a partner,
4 including the execution of an instrument in the
5 partnership name, for apparently carrying on in the
6 ordinary course the partnership business or business of
7 the kind carried on by the partnership binds the
8 partnership, unless the partner had no authority to act
9 for the partnership in the particular matter and the
10 person with whom the partner was dealing knew or had
11 received a notification that the partner lacked
12 authority.

13 (2) An act of a partner which is not apparently for
14 carrying on in the ordinary course the partnership
15 business or business of the kind carried on by the
16 partnership binds the partnership only if the act was
17 authorized by the other partners.

18 Section 302. Transfer of partnership property.

19 (a) Partnership property may be transferred as follows:

20 (1) Subject to the effect of a statement of
21 partnership authority under Section 303 of this Act,
22 partnership property held in the name of the partnership
23 may be transferred by an instrument of transfer executed
24 by a partner in the partnership name.

25 (2) Partnership property held in the name of one or
26 more partners with an indication in the instrument
27 transferring the property to them of their capacity as
28 partners or of the existence of a partnership, but
29 without an indication of the name of the partnership, may
30 be transferred by an instrument of transfer executed by
31 the persons in whose name the property is held.

32 (3) Partnership property held in the name of one or
33 more persons other than the partnership, without an

1 indication in the instrument transferring the property to
 2 them of their capacity as partners or of the existence of
 3 a partnership, may be transferred by an instrument of
 4 transfer executed by the persons in whose name the
 5 property is held.

6 (b) A partnership may recover partnership property from
 7 a transferee only if it proves that execution of the
 8 instrument of initial transfer did not bind the partnership
 9 under Section 301 and:

10 (1) as to a subsequent transferee who gave value
 11 for property transferred under subsection (a)(1) and (2)
 12 of this Section, proves that the subsequent transferee
 13 knew or had received a notification that the person who
 14 executed the instrument of initial transfer lacked
 15 authority to bind the partnership; or

16 (2) as to a transferee who gave value for property
 17 transferred under subsection (a)(3), proves that the
 18 transferee knew or had received a notification that the
 19 property was partnership property and that the person who
 20 executed the instrument of initial transfer lacked
 21 authority to bind the partnership.

22 (c) A partnership may not recover partnership property
 23 from a subsequent transferee if the partnership would not
 24 have been entitled to recover the property, under subsection
 25 (b), from any earlier transferee of the property.

26 (d) If a person holds all of the partners' interests in
 27 the partnership, all of the partnership property vests in
 28 that person. The person may execute a document in the name of
 29 the partnership to evidence vesting of the property in that
 30 person and may file or record the document.

31 Section 303. Statement of partnership authority.

32 (a) A partnership may file a statement of partnership
 33 authority, which:

1 (1) must include:

2 (i) the name of the partnership;

3 (ii) the street address of its chief executive
4 office and of one office in this State, if there is
5 one;

6 (iii) the names and mailing addresses of all
7 of the partners or of an agent appointed and
8 maintained by the partnership for the purpose of
9 subsection (b); and

10 (iv) the names of the partners authorized to
11 execute an instrument transferring real property
12 held in the name of the partnership; and

13 (2) may state the authority, or limitations on the
14 authority, of some or all of the partners to enter into
15 other transactions on behalf of the partnership and any
16 other matter.

17 (b) If a statement of partnership authority names an
18 agent, the agent shall maintain a list of the names and
19 mailing addresses of all of the partners and make it
20 available to any person on request for good cause shown.

21 (c) If a filed statement of partnership authority is
22 executed pursuant to Section 105(c) and states the name of
23 the partnership but does not contain all of the other
24 information required by subsection (a) of this Section, the
25 statement nevertheless operates with respect to a person not
26 a partner as provided in subsections (d) and (e).

27 (d) Except as otherwise provided in subsection (g) of
28 this Section, a filed statement of partnership authority
29 supplements the authority of a partner to enter into
30 transactions on behalf of the partnership as follows:

31 (1) Except for transfers of real property, a grant
32 of authority contained in a filed statement of
33 partnership authority is conclusive in favor of a person
34 who gives value without knowledge to the contrary, so

1 long as and to the extent that a limitation on that
2 authority is not then contained in another filed
3 statement. A filed cancellation of a limitation on
4 authority revives the previous grant of authority.

5 (2) A grant of authority to transfer real property
6 held in the name of the partnership contained in a
7 certified copy of a filed statement of partnership
8 authority recorded in the office for recording transfers
9 of that real property is conclusive in favor of a person
10 who gives value without knowledge to the contrary, so
11 long as and to the extent that a certified copy of a
12 filed statement containing a limitation on that authority
13 is not then of record in the office for recording
14 transfers of that real property. The recording in the
15 office for recording transfers of that real property of a
16 certified copy of a filed cancellation of a limitation on
17 authority revives the previous grant of authority.

18 (e) A person not a partner is deemed to know of a
19 limitation on the authority of a partner to transfer real
20 property held in the name of the partnership if a certified
21 copy of the filed statement containing the limitation on
22 authority is of record in the office for recording transfers
23 of that real property.

24 (f) Except as otherwise provided in subsections (d) and
25 (e) of this Section and Sections 704 and 805 of this Act, a
26 person not a partner is not deemed to know of a limitation on
27 the authority of a partner merely because the limitation is
28 contained in a filed statement.

29 (g) Unless earlier canceled, a filed statement of
30 partnership authority is canceled by operation of law 5 years
31 after the date on which the statement, or the most recent
32 amendment, was filed with the Secretary of State.

33 Section 304. Statement of denial. A partner or other

1 person named as a partner in a filed statement of partnership
2 authority or in a list maintained by an agent pursuant to
3 Section 303(b) may file a statement of denial stating the
4 name of the partnership and the fact that is being denied,
5 which may include denial of a person's authority or status as
6 a partner. A statement of denial is a limitation on authority
7 as provided in Section 303(d) and (e).

8 Section 305. Partnership liable for partner's actionable
9 conduct.

10 (a) A partnership is liable for loss or injury caused to
11 a person, or for a penalty incurred, as a result of a
12 wrongful act or omission, or other actionable conduct, of a
13 partner acting in the ordinary course of business of the
14 partnership or with authority of the partnership.

15 (b) If, in the course of the partnership's business or
16 while acting with authority of the partnership, a partner
17 receives or causes the partnership to receive money or
18 property of a person not a partner, and the money or property
19 is misapplied by a partner, the partnership is liable for the
20 loss.

21 Section 306. Partner's liability.

22 (a) Except as otherwise provided in subsections (b) and
23 (c) of this Section, all partners are liable jointly and
24 severally for all obligations of the partnership unless
25 otherwise agreed by the claimant or provided by law.

26 (b) A person admitted as a partner into an existing
27 partnership is not personally liable for any partnership
28 obligation incurred before the person's admission as a
29 partner.

30 (c) An obligation of a partnership incurred while the
31 partnership is a limited liability partnership, whether
32 arising in contract, tort, or otherwise, is solely the

1 obligation of the partnership. A partner is not personally
2 liable, directly or indirectly, by way of contribution or
3 otherwise, for such an obligation solely by reason of being
4 or so acting as a partner. This subsection applies
5 notwithstanding anything inconsistent in the partnership
6 agreement that existed immediately before the vote required
7 to become a limited liability partnership under Section
8 1001(b) of this Act.

9 Section 307. Actions by and against partnership and
10 partners.

11 (a) A partnership may sue and be sued in the name of the
12 partnership.

13 (b) An action may be brought against the partnership
14 and, to the extent not inconsistent with Section 306 of this
15 Act, any or all of the partners in the same action or in
16 separate actions.

17 (c) A judgment against a partnership is not by itself a
18 judgment against a partner. A judgment against a partnership
19 may not be satisfied from a partner's assets unless there is
20 also a judgment against the partner.

21 (d) A judgment creditor of a partner may not levy
22 execution against the assets of the partner to satisfy a
23 judgment based on a claim against the partnership unless the
24 partner is personally liable for the claim under Section 306
25 and:

26 (1) a judgment based on the same claim has been
27 obtained against the partnership and a writ of execution
28 on the judgment has been returned unsatisfied in whole or
29 in part;

30 (2) the partnership is a debtor in bankruptcy;

31 (3) the partner has agreed that the creditor need
32 not exhaust partnership assets;

33 (4) a court grants permission to the judgment

1 creditor to levy execution against the assets of a
2 partner based on a finding that partnership assets
3 subject to execution are clearly insufficient to satisfy
4 the judgment, that exhaustion of partnership assets is
5 excessively burdensome, or that the grant of permission
6 is an appropriate exercise of the court's equitable
7 powers; or

8 (5) liability is imposed on the partner by law or
9 contract independent of the existence of the partnership.

10 (e) This Section applies to any partnership liability or
11 obligation resulting from a representation by a partner or
12 purported partner under Section 308 of this Act.

13 Section 308. Liability of purported partner.

14 (a) If a person, by words or conduct, purports to be a
15 partner, or consents to being represented by another as a
16 partner, in a partnership or with one or more persons not
17 partners, the purported partner is liable to a person to whom
18 the representation is made, if that person, relying on the
19 representation, enters into a transaction with the actual or
20 purported partnership. If the representation, either by the
21 purported partner or by a person with the purported partner's
22 consent, is made in a public manner, the purported partner is
23 liable to a person who relies upon the purported partnership
24 even if the purported partner is not aware of being held out
25 as a partner to the claimant. If partnership liability
26 results, the purported partner is liable with respect to that
27 liability as if the purported partner were a partner. If no
28 partnership liability results, the purported partner is
29 liable with respect to that liability jointly and severally
30 with any other person consenting to the representation.

31 (b) If a person is thus represented to be a partner in
32 an existing partnership, or with one or more persons not
33 partners, the purported partner is an agent of persons

1 consenting to the representation to bind them to the same
 2 extent and in the same manner as if the purported partner
 3 were a partner, with respect to persons who enter into
 4 transactions in reliance upon the representation. If all of
 5 the partners of the existing partnership consent to the
 6 representation, a partnership act or obligation results. If
 7 fewer than all of the partners of the existing partnership
 8 consent to the representation, the person acting and the
 9 partners consenting to the representation are jointly and
 10 severally liable.

11 (c) A person is not liable as a partner merely because
 12 the person is named by another in a statement of partnership
 13 authority.

14 (d) A person does not continue to be liable as a partner
 15 merely because of a failure to file a statement of
 16 dissociation or to amend a statement of partnership authority
 17 to indicate the partner's dissociation from the partnership.

18 (e) Except as otherwise provided in subsections (a) and
 19 (b) of this Section, persons who are not partners as to each
 20 other are not liable as partners to other persons.

21 ARTICLE 4

22 RELATIONS OF PARTNERS TO EACH OTHER

23 AND TO PARTNERSHIP

24 Section 401. Partner's rights and duties.

25 (a) Each partner is deemed to have an account that is:

26 (1) credited with an amount equal to the money plus
 27 the value of any other property, net of the amount of any
 28 liabilities, the partner contributes to the partnership
 29 and the partner's share of the partnership profits; and

30 (2) charged with an amount equal to the money plus
 31 the value of any other property, net of the amount of any
 32 liabilities, distributed by the partnership to the

1 partner and the partner's share of the partnership
2 losses.

3 (b) Each partner is entitled to an equal share of the
4 partnership profits and is chargeable with a share of the
5 partnership losses in proportion to the partner's share of
6 the profits.

7 (c) A partnership shall reimburse a partner for payments
8 made and indemnify a partner for liabilities incurred by the
9 partner in the ordinary course of the business of the
10 partnership or for the preservation of its business or
11 property.

12 (d) A partnership shall reimburse a partner for an
13 advance to the partnership beyond the amount of capital the
14 partner agreed to contribute.

15 (e) A payment or advance made by a partner which gives
16 rise to a partnership obligation under subsection (c) or (d)
17 of this Section constitutes a loan to the partnership which
18 accrues interest from the date of the payment or advance.

19 (f) Each partner has equal rights in the management and
20 conduct of the partnership business.

21 (g) A partner may use or possess partnership property
22 only on behalf of the partnership.

23 (h) A partner is not entitled to remuneration for
24 services performed for the partnership, except for reasonable
25 compensation for services rendered in winding up the business
26 of the partnership.

27 (i) A person may become a partner only with the consent
28 of all of the partners.

29 (j) A difference arising as to a matter in the ordinary
30 course of business of a partnership may be decided by a
31 majority of the partners. An act outside the ordinary course
32 of business of a partnership and an amendment to the
33 partnership agreement may be undertaken only with the consent
34 of all of the partners.

1 (k) This Section does not affect the obligations of a
2 partnership to other persons under Section 301 of this Act.

3 Section 402. Distributions in kind. A partner has no
4 right to receive, and may not be required to accept, a
5 distribution in kind.

6 Section 403. Partner's rights and duties with respect to
7 information.

8 (a) A partnership shall keep its books and records, if
9 any, at its chief executive office.

10 (b) A partnership shall provide partners and their
11 agents and attorneys access to its books and records. It
12 shall provide former partners and their agents and attorneys
13 access to books and records pertaining to the period during
14 which they were partners. The right of access provides the
15 opportunity to inspect and copy books and records during
16 ordinary business hours. A partnership may impose a
17 reasonable charge, covering the costs of labor and material,
18 for copies of documents furnished.

19 (c) Each partner and the partnership shall furnish to a
20 partner, and to the legal representative of a deceased
21 partner or partner under legal disability:

22 (1) without demand, any information concerning the
23 partnership's business and affairs reasonably required
24 for the proper exercise of the partner's rights and
25 duties under the partnership agreement or this Act; and

26 (2) on demand, any other information concerning the
27 partnership's business and affairs, except to the extent
28 the demand or the information demanded is unreasonable or
29 otherwise improper under the circumstances.

30 Section 404. General standards of partner's conduct.

31 (a) The fiduciary duties a partner owes to the

1 partnership and the other partners include the duty of
2 loyalty and the duty of care set forth in subsections (b) and
3 (c) of this Section.

4 (b) A partner's duty of loyalty to the partnership and
5 the other partners includes the following:

6 (1) to account to the partnership and hold as
7 trustee for it any property, profit, or benefit derived
8 by the partner in the conduct and winding up of the
9 partnership business or derived from a use by the partner
10 of partnership property, including the appropriation of a
11 partnership opportunity;

12 (2) to act fairly when a partner deals with the
13 partnership in the conduct or winding up of the
14 partnership business as or on behalf of a party having an
15 interest adverse to the partnership; and

16 (3) to refrain from competing with the partnership
17 in the conduct of the partnership business before the
18 dissolution of the partnership.

19 (c) A partner's duty of care to the partnership and the
20 other partners in the conduct and winding up of the
21 partnership business is limited to refraining from engaging
22 in grossly negligent or reckless conduct, intentional
23 misconduct, or a knowing violation of law.

24 (d) A partner shall discharge his or her duties to the
25 partnership and the other partners under this Act or under
26 the partnership agreement and exercise any rights consistent
27 with the obligation of good faith and fair dealing.

28 (e) A partner does not violate a duty or obligation
29 under this Act or under the partnership agreement merely
30 because the partner's conduct furthers the partner's own
31 interest.

32 (f) This Section applies to a person winding up the
33 partnership business as the personal or legal representative
34 of the last surviving partner as if the person were a

1 partner.

2 Section 405. Actions by partnership and partners.

3 (a) A partnership may maintain an action against a
4 partner for a breach of the partnership agreement, or for the
5 violation of a duty to the partnership, causing harm to the
6 partnership.

7 (b) A partner may maintain an action against the
8 partnership or another partner for legal or equitable relief,
9 with or without an accounting as to partnership business, to:

10 (1) enforce the partner's rights under the
11 partnership agreement;

12 (2) enforce the partner's rights under this Act,
13 including:

14 (i) the partner's rights under Section 401,
15 403, or 404;

16 (ii) the partner's right on dissociation to
17 have the partner's interest in the partnership
18 purchased pursuant to Section 701 or enforce any
19 other right under Article 6 or 7; or

20 (iii) the partner's right to compel a
21 dissolution and winding up of the partnership
22 business under or enforce any other right under
23 Article 8; or

24 (3) enforce the rights and otherwise protect the
25 interests of the partner, including rights and interests
26 arising independently of the partnership relationship.

27 (c) The accrual of, and any time limitation on, a right
28 of action for a remedy under this Section is governed by
29 other law. A right to an accounting upon a dissolution and
30 winding up does not revive a claim barred by law.

31 Section 406. Continuation of partnership beyond definite
32 term or particular undertaking.

1 partnership, entitle the transferee, during the
2 continuance of the partnership, to participate in the
3 management or conduct of the partnership business, to
4 require access to information concerning partnership
5 transactions, or to inspect or copy the partnership books
6 or records.

7 (b) A transferee of a partner's transferable interest in
8 the partnership has a right:

9 (1) to receive, in accordance with the transfer,
10 distributions to which the transferor would otherwise be
11 entitled;

12 (2) to receive upon the dissolution and winding up
13 of the partnership business, in accordance with the
14 transfer, the net amount otherwise distributable to the
15 transferor; and

16 (3) to seek under a judicial determination that it
17 is equitable to wind up the partnership business.

18 (c) In a dissolution and winding up, a transferee is
19 entitled to an account of partnership transactions only from
20 the date of the latest account agreed to by all of the
21 partners.

22 (d) Upon transfer, the transferor retains the rights and
23 duties of a partner other than the interest in distributions
24 transferred.

25 (e) A partnership need not give effect to a transferee's
26 rights under this Section until it has notice of the
27 transfer.

28 (f) A transfer of a partner's transferable interest in
29 the partnership in violation of a restriction on transfer
30 contained in the partnership agreement is ineffective as to a
31 person having notice of the restriction at the time of
32 transfer.

33 Section 504. Partner's transferable interest subject to

1 charging order.

2 (a) On application by a judgment creditor of a partner
3 or of a partner's transferee, a court having jurisdiction may
4 charge the transferable interest of the judgment debtor to
5 satisfy the judgment. The court may appoint a receiver of the
6 share of the distributions due or to become due to the
7 judgment debtor in respect of the partnership and make all
8 other orders, directions, accounts, and inquiries the
9 judgment debtor might have made or which the circumstances of
10 the case may require.

11 (b) A charging order constitutes a lien on the judgment
12 debtor's transferable interest in the partnership. The court
13 may order a foreclosure of the interest subject to the
14 charging order at any time. The purchaser at the foreclosure
15 sale has the rights of a transferee.

16 (c) At any time before foreclosure, an interest charged
17 may be redeemed:

- 18 (1) by the judgment debtor;
- 19 (2) with property other than partnership property,
20 by one or more of the other partners; or
- 21 (3) with partnership property, by one or more of
22 the other partners with the consent of all of the
23 partners whose interests are not so charged.

24 (d) This Act does not deprive a partner of a right under
25 exemption laws with respect to the partner's interest in the
26 partnership.

27 (e) This Section provides the exclusive remedy by which
28 a judgment creditor of a partner or partner's transferee may
29 satisfy a judgment out of the judgment debtor's transferable
30 interest in the partnership.

31 ARTICLE 6
32 PARTNER'S DISSOCIATION

1 Section 601. Events causing partner's dissociation. A
2 partner is dissociated from a partnership upon the occurrence
3 of any of the following events:

4 (1) the partnership's having notice of the
5 partner's express will to withdraw as a partner or on a
6 later date specified by the partner;

7 (2) an event agreed to in the partnership agreement
8 as causing the partner's dissociation;

9 (3) the partner's expulsion pursuant to the
10 partnership agreement;

11 (4) the partner's expulsion by the unanimous vote
12 of the other partners if:

13 (i) it is unlawful to carry on the partnership
14 business with that partner;

15 (ii) there has been a transfer of all or
16 substantially all of that partner's transferable
17 interest in the partnership, other than a transfer
18 for security purposes, or a court order charging the
19 partner's interest, which has not been foreclosed;

20 (iii) within 90 days after the partnership
21 notifies a corporate partner that it will be
22 expelled because it has filed a certificate of
23 dissolution or the equivalent, its charter has been
24 revoked, or its right to conduct business has been
25 suspended by the jurisdiction of its incorporation,
26 there is no revocation of the certificate of
27 dissolution or no reinstatement of its charter or
28 its right to conduct business; or

29 (iv) a partnership that is a partner has been
30 dissolved and its business is being wound up;

31 (5) on application by the partnership or another
32 partner, the partner's expulsion by judicial
33 determination because:

34 (i) the partner engaged in wrongful conduct

1 that adversely and materially affected the
2 partnership business;

3 (ii) the partner willfully or persistently
4 committed a material breach of the partnership
5 agreement or of a duty owed to the partnership or
6 the other partners under Section 404 of this Act; or

7 (iii) the partner engaged in conduct relating
8 to the partnership business which makes it not
9 reasonably practicable to carry on the business in
10 partnership with the partner;

11 (6) the partner's:

12 (i) becoming a debtor in bankruptcy;

13 (ii) executing an assignment for the benefit
14 of creditors;

15 (iii) seeking, consenting to, or acquiescing
16 in the appointment of a trustee, receiver, or
17 liquidator of that partner or of all or
18 substantially all of that partner's property; or

19 (iv) failing, within 90 days after the
20 appointment, to have vacated or stayed the
21 appointment of a trustee, receiver, or liquidator of
22 the partner or of all or substantially all of the
23 partner's property obtained without the partner's
24 consent or acquiescence, or failing within 90 days
25 after the expiration of a stay to have the
26 appointment vacated;

27 (7) in the case of a partner who is an individual:

28 (i) the partner's death;

29 (ii) the appointment of a guardian or general
30 conservator for the partner; or

31 (iii) a judicial determination that the
32 partner has otherwise become incapable of performing
33 the partner's duties under the partnership
34 agreement;

1 (8) in the case of a partner that is a trust or is
 2 acting as a partner by virtue of being a trustee of a
 3 trust, distribution of the trust's entire transferable
 4 interest in the partnership, but not merely by reason of
 5 the substitution of a successor trustee;

6 (9) in the case of a partner that is an estate or
 7 is acting as a partner by virtue of being a personal
 8 representative of an estate, distribution of the estate's
 9 entire transferable interest in the partnership, but not
 10 merely by reason of the substitution of a successor
 11 personal representative; or

12 (10) termination of a partner who is not an
 13 individual, partnership, corporation, trust, or estate.

14 Section 602. Partner's power to dissociate; wrongful
 15 dissociation.

16 (a) A partner has the power to dissociate at any time,
 17 rightfully or wrongfully, by express will pursuant to Section
 18 601(1) of this Act.

19 (b) A partner's dissociation is wrongful only if:

20 (1) it is in breach of an express provision of the
 21 partnership agreement; or

22 (2) in the case of a partnership for a definite
 23 term or particular undertaking, before the expiration of
 24 the term or the completion of the undertaking:

25 (i) the partner withdraws by express will,
 26 unless the withdrawal follows within 90 days after
 27 another partner's dissociation by death or otherwise
 28 under Section 601(6) through (10) or wrongful
 29 dissociation under this subsection;

30 (ii) the partner is expelled by judicial
 31 determination under Section 601(5);

32 (iii) the partner is dissociated by becoming a
 33 debtor in bankruptcy; or

1 (iv) in the case of a partner who is not an
 2 individual, trust other than a business trust, or
 3 estate, the partner is expelled or otherwise
 4 dissociated because it willfully dissolved or
 5 terminated.

6 (c) A partner who wrongfully dissociates is liable to
 7 the partnership and to the other partners for damages caused
 8 by the dissociation. The liability is in addition to any
 9 other obligation of the partner to the partnership or to the
 10 other partners.

11 Section 603. Effect of partner's dissociation.

12 (a) If a partner's dissociation results in a dissolution
 13 and winding up of the partnership business, Article 8 of this
 14 Act applies; otherwise, Article 7 applies.

15 (b) Upon a partner's dissociation:

16 (1) the partner's right to participate in the
 17 management and conduct of the partnership business
 18 terminates, except as otherwise provided in Section 803;

19 (2) except as provided in clause (3) of this
 20 subsection, a partner's duties terminate; and

21 (3) the partner's duty of loyalty under Section
 22 404(b)(1) and (2) and duty of care under Section 404(c)
 23 continue only with regard to matters arising and events
 24 occurring before the partner's dissociation, unless the
 25 partner participates in winding up the partnership's
 26 business pursuant to Section 803.

27 ARTICLE 7

28 PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP

29 Section 701. Purchase of dissociated partner's interest.

30 (a) If a partner is dissociated from a partnership
 31 without resulting in a dissolution and winding up of the

1 partnership business under Section 801 of this Act, the
2 partnership shall cause the dissociated partner's interest in
3 the partnership to be purchased for a buyout price determined
4 pursuant to subsection (b) of this Section.

5 (b) The buyout price of a dissociated partner's interest
6 is the amount that would have been distributable to the
7 dissociating partner under Section 807(b) if, on the date of
8 dissociation, the assets of the partnership were sold at a
9 price equal to the greater of the liquidation value or the
10 value based on a sale of the entire business as a going
11 concern without the dissociated partner and the partnership
12 were wound up as of that date. Interest must be paid from the
13 date of dissociation to the date of payment.

14 (c) Damages for wrongful dissociation under Section
15 602(b), and all other amounts owing, whether or not presently
16 due, from the dissociated partner to the partnership, must be
17 offset against the buyout price. Interest must be paid from
18 the date the amount owed becomes due to the date of payment.

19 (d) A partnership shall indemnify a dissociated partner
20 whose interest is being purchased against all partnership
21 liabilities, whether incurred before or after the
22 dissociation, except liabilities incurred by an act of the
23 dissociated partner under Section 702.

24 (e) If no agreement for the purchase of a dissociated
25 partner's interest is reached within 120 days after a written
26 demand for payment, the partnership shall pay, or cause to be
27 paid, in cash to the dissociated partner the amount the
28 partnership estimates to be the buyout price and accrued
29 interest, reduced by any offsets and accrued interest under
30 subsection (c).

31 (f) If a deferred payment is authorized under subsection
32 (h), the partnership may tender a written offer to pay the
33 amount it estimates to be the buyout price and accrued
34 interest, reduced by any offsets under subsection (c),

1 stating the time of payment, the amount and type of security
2 for payment, and the other terms and conditions of the
3 obligation.

4 (g) The payment or tender required by subsection (e) or
5 (f) must be accompanied by the following:

6 (1) a statement of partnership assets and
7 liabilities as of the date of dissociation;

8 (2) the latest available partnership balance sheet
9 and income statement, if any;

10 (3) an explanation of how the estimated amount of
11 the payment was calculated; and

12 (4) written notice that the payment is in full
13 satisfaction of the obligation to purchase unless, within
14 120 days after the written notice, the dissociated
15 partner commences an action to determine the buyout
16 price, any offsets under subsection (c), or other terms
17 of the obligation to purchase.

18 (h) A partner who wrongfully dissociates before the
19 expiration of a definite term or the completion of a
20 particular undertaking is not entitled to payment of any
21 portion of the buyout price until the expiration of the term
22 or completion of the undertaking, unless the partner
23 establishes to the satisfaction of the court that earlier
24 payment will not cause undue hardship to the business of the
25 partnership. A deferred payment must be adequately secured
26 and bear interest.

27 (i) A dissociated partner may maintain an action against
28 the partnership, pursuant to Section 405(b)(2)(ii), to
29 determine the buyout price of that partner's interest, any
30 offsets under subsection (c), or other terms of the
31 obligation to purchase. The action must be commenced within
32 120 days after the partnership has tendered payment or an
33 offer to pay or within one year after written demand for
34 payment if no payment or offer to pay is tendered. The court

1 shall determine the buyout price of the dissociated partner's
2 interest, any offset due under subsection (c) of this
3 Section, and accrued interest, and enter judgment for any
4 additional payment or refund. If deferred payment is
5 authorized under subsection (h), the court shall also
6 determine the security for payment and other terms of the
7 obligation to purchase. The court may assess reasonable
8 attorney's fees and the fees and expenses of appraisers or
9 other experts for a party to the action, in amounts the court
10 finds equitable, against a party that the court finds acted
11 arbitrarily, vexatiously, or not in good faith. The finding
12 may be based on the partnership's failure to tender payment
13 or an offer to pay or to comply with subsection (g).

14 Section 702. Dissociated partner's power to bind and
15 liability to partnership.

16 (a) For 2 years after a partner dissociates without
17 resulting in a dissolution and winding up of the partnership
18 business, the partnership, including a surviving partnership
19 under Article 9 of this Act, is bound by an act of the
20 dissociated partner which would have bound the partnership
21 under Section 301 before dissociation only if at the time of
22 entering into the transaction the other party:

23 (1) reasonably believed that the dissociated
24 partner was then a partner;

25 (2) did not have notice of the partner's
26 dissociation; and

27 (3) is not deemed to have had knowledge under
28 Section 303(e) or notice under Section 704(c).

29 (b) A dissociated partner is liable to the partnership
30 for any damage caused to the partnership arising from an
31 obligation incurred by the dissociated partner after
32 dissociation for which the partnership is liable under
33 subsection (a) of this Section.

1 Section 703. Dissociated partner's liability to other
2 persons.

3 (a) A partner's dissociation does not of itself
4 discharge the partner's liability for a partnership
5 obligation incurred before dissociation. A dissociated
6 partner is not liable for a partnership obligation incurred
7 after dissociation, except as otherwise provided in
8 subsection (b) of this Section.

9 (b) A partner who dissociates without resulting in a
10 dissolution and winding up of the partnership business is
11 liable as a partner to the other party in a transaction
12 entered into by the partnership, or a surviving partnership
13 under Article 9 of this Act, within 2 years after the
14 partner's dissociation, only if the partner is liable for the
15 obligation under Section 306 and at the time of entering into
16 the transaction the other party:

17 (1) reasonably believed that the dissociated
18 partner was then a partner;

19 (2) did not have notice of the partner's
20 dissociation; and

21 (3) is not deemed to have had knowledge under
22 Section 303(e) or notice under Section 704(c).

23 (c) By agreement with the partnership creditor and the
24 partners continuing the business, a dissociated partner may
25 be released from liability for a partnership obligation.

26 (d) A dissociated partner is released from liability for
27 a partnership obligation if a partnership creditor, with
28 notice of the partner's dissociation but without the
29 partner's consent, agrees to a material alteration in the
30 nature or time of payment of a partnership obligation.

31 Section 704. Statement of dissociation.

32 (a) A dissociated partner or the partnership may file a
33 statement of dissociation stating the name of the partnership

1 and that the partner is dissociated from the partnership.

2 (b) A statement of dissociation is a limitation on the
3 authority of a dissociated partner for the purposes of
4 Section 303(d) and (e).

5 (c) For the purposes of Sections 702(a)(3) and 703(b)(3)
6 of this Act, a person not a partner is deemed to have notice
7 of the dissociation 90 days after the statement of
8 dissociation is filed.

9 Section 705. Continued use of partnership name. Continued
10 use of a partnership name, or a dissociated partner's name as
11 part thereof, by partners continuing the business does not of
12 itself make the dissociated partner liable for an obligation
13 of the partners or the partnership continuing the business.

14 ARTICLE 8

15 WINDING UP PARTNERSHIP BUSINESS

16 Section 801. Events causing dissolution and winding up of
17 partnership business. A partnership is dissolved, and its
18 business must be wound up, only upon the occurrence of any of
19 the following events:

20 (1) in a partnership at will, the partnership's
21 having notice from a partner, other than a partner who is
22 dissociated under Section 601(2) through (10), of that
23 partner's express will to withdraw as a partner, or on a
24 later date specified by the partner;

25 (2) in a partnership for a definite term or
26 particular undertaking:

27 (i) within 90 days after a partner's
28 dissociation by death or otherwise under Section
29 601(6) through (10) or wrongful dissociation under
30 Section 602(b), the express will of at least half of
31 the remaining partners to wind up the partnership

1 business, for which purpose a partner's rightful
2 dissociation pursuant to Section 602(b)(2)(i)
3 constitutes the expression of that partner's will to
4 wind up the partnership business;

5 (ii) the express will of all of the partners
6 to wind up the partnership business; or

7 (iii) the expiration of the term or the
8 completion of the undertaking;

9 (3) an event agreed to in the partnership agreement
10 resulting in the winding up of the partnership business;

11 (4) an event that makes it unlawful for all or
12 substantially all of the business of the partnership to
13 be continued, but a cure of illegality within 90 days
14 after notice to the partnership of the event is effective
15 retroactively to the date of the event for purposes of
16 this Section;

17 (5) on application by a partner, a judicial
18 determination that:

19 (i) the economic purpose of the partnership is
20 likely to be unreasonably frustrated;

21 (ii) another partner has engaged in conduct
22 relating to the partnership business which makes it
23 not reasonably practicable to carry on the business
24 in partnership with that partner; or

25 (iii) it is not otherwise reasonably
26 practicable to carry on the partnership business in
27 conformity with the partnership agreement; or

28 (6) on application by a transferee of a partner's
29 transferable interest, a judicial determination that it
30 is equitable to wind up the partnership business:

31 (i) after the expiration of the term or
32 completion of the undertaking, if the partnership
33 was for a definite term or particular undertaking at
34 the time of the transfer or entry of the charging

1 order that gave rise to the transfer; or
2 (ii) at any time, if the partnership was a
3 partnership at will at the time of the transfer or
4 entry of the charging order that gave rise to the
5 transfer.

6 Section 802. Partnership continues after dissolution.

7 (a) Subject to subsection (b) of this Section, a
8 partnership continues after dissolution only for the purpose
9 of winding up its business. The partnership is terminated
10 when the winding up of its business is completed.

11 (b) At any time after the dissolution of a partnership
12 and before the winding up of its business is completed, all
13 of the partners, including any dissociating partner other
14 than a wrongfully dissociating partner, may waive the right
15 to have the partnership's business wound up and the
16 partnership terminated. In that event:

17 (1) the partnership resumes carrying on its
18 business as if dissolution had never occurred, and any
19 liability incurred by the partnership or a partner after
20 the dissolution and before the waiver is determined as if
21 dissolution had never occurred; and

22 (2) the rights of a third party accruing under
23 Section 804(1) of this Act or arising out of conduct in
24 reliance on the dissolution before the third party knew
25 or received a notification of the waiver may not be
26 adversely affected.

27 Section 803. Right to wind up partnership business.

28 (a) After dissolution, a partner who has not wrongfully
29 dissociated may participate in winding up the partnership's
30 business, but on application of any partner, partner's legal
31 representative, or transferee, the appropriate court, for
32 good cause shown, may order judicial supervision of the

1 winding up.

2 (b) The legal representative of the last surviving
3 partner may wind up a partnership's business.

4 (c) A person winding up a partnership's business may
5 preserve the partnership business or property as a going
6 concern for a reasonable time, prosecute and defend actions
7 and proceedings, whether civil, criminal, or administrative,
8 settle and close the partnership's business, dispose of and
9 transfer the partnership's property, discharge the
10 partnership's liabilities, distribute the assets of the
11 partnership pursuant to Section 807, settle disputes by
12 mediation or arbitration, and perform other necessary acts.

13 Section 804. Partner's power to bind partnership after
14 dissolution. Subject to Section 805 of this Act, a
15 partnership is bound by a partner's act after dissolution
16 that:

17 (1) is appropriate for winding up the partnership
18 business; or

19 (2) would have bound the partnership under Section
20 301 before dissolution, if the other party to the
21 transaction did not have notice of the dissolution.

22 Section 805. Statement of dissolution.

23 (a) After dissolution, a partner who has not wrongfully
24 dissociated may file a statement of dissolution stating the
25 name of the partnership and that the partnership has
26 dissolved and is winding up its business.

27 (b) A statement of dissolution cancels a filed statement
28 of partnership authority for the purposes of Section 303(d)
29 and is a limitation on authority for the purposes of Section
30 303(e).

31 (c) For the purposes of Sections 301 and 804, a person
32 not a partner is deemed to have notice of the dissolution and

1 the limitation on the partners' authority as a result of the
2 statement of dissolution 90 days after it is filed.

3 (d) After filing and, if appropriate, recording a
4 statement of dissolution, a dissolved partnership may file
5 and, if appropriate, record a statement of partnership
6 authority which will operate with respect to a person not a
7 partner as provided in Section 303(d) and (e) in any
8 transaction, whether or not the transaction is appropriate
9 for winding up the partnership business.

10 Section 806. Partner's liability to other partners after
11 dissolution.

12 (a) Except as otherwise provided in subsection (b) of
13 this Section and Section 306 of this Act, after dissolution a
14 partner is liable to the other partners for the partner's
15 share of any partnership liability incurred under Section
16 804.

17 (b) A partner who, with knowledge of the dissolution,
18 incurs a partnership liability under Section 804(2) by an act
19 that is not appropriate for winding up the partnership
20 business is liable to the partnership for any damage caused
21 to the partnership arising from the liability.

22 Section 807. Settlement of accounts and contributions
23 among partners.

24 (a) In winding up a partnership's business, the assets
25 of the partnership, including the contributions of the
26 partners required by this Section, must be applied to
27 discharge its obligations to creditors, including, to the
28 extent permitted by law, partners who are creditors. Any
29 surplus must be applied to pay in cash the net amount
30 distributable to partners in accordance with their right to
31 distributions under subsection (b) of this Section.

32 (b) Each partner is entitled to a settlement of all

1 partnership accounts upon winding up the partnership
2 business. In settling accounts among the partners, profits
3 and losses that result from the liquidation of the
4 partnership assets must be credited and charged to the
5 partners' accounts. The partnership shall make a distribution
6 to a partner in an amount equal to any excess of the credits
7 over the charges in the partner's account. A partner shall
8 contribute to the partnership an amount equal to any excess
9 of the charges over the credits in the partner's account but
10 excluding from the calculation charges attributable to an
11 obligation for which the partner is not personally liable
12 under Section 306 of this Act.

13 (c) If a partner fails to contribute the full amount
14 required under subsection (b) of this Section, all of the
15 other partners shall contribute, in the proportions in which
16 those partners share partnership losses, the additional
17 amount necessary to satisfy the partnership obligations for
18 which they are personally liable under Section 306. A partner
19 or partner's legal representative may recover from the other
20 partners any contributions the partner makes to the extent
21 the amount contributed exceeds that partner's share of the
22 partnership obligations for which the partner is personally
23 liable under Section 306.

24 (d) After the settlement of accounts, each partner shall
25 contribute, in the proportion in which the partner shares
26 partnership losses, the amount necessary to satisfy
27 partnership obligations that were not known at the time of
28 the settlement and for which the partner is personally liable
29 under Section 306.

30 (e) The estate of a deceased partner is liable for the
31 partner's obligation to contribute to the partnership.

32 (f) An assignee for the benefit of creditors of a
33 partnership or a partner, or a person appointed by a court to
34 represent creditors of a partnership or a partner, may

1 enforce a partner's obligation to contribute to the
2 partnership.

3 ARTICLE 9

4 CONVERSIONS AND MERGERS

5 Section 901. Definitions. In this article:

6 (1) "General partner" means a partner in a
7 partnership and a general partner in a limited
8 partnership.

9 (2) "Limited partner" means a limited partner in a
10 limited partnership.

11 (3) "Limited partnership" means a limited
12 partnership created under the Revised Uniform Limited
13 Partnership Act, predecessor law, or comparable law of
14 another jurisdiction.

15 (4) "Partner" includes both a general partner and a
16 limited partner.

17 Section 902. Conversion of partnership to limited
18 partnership.

19 (a) A partnership may be converted to a limited
20 partnership pursuant to this Section.

21 (b) The terms and conditions of a conversion of a
22 partnership to a limited partnership must be approved by all
23 of the partners or by a number or percentage specified for
24 conversion in the partnership agreement.

25 (c) After the conversion is approved by the partners,
26 the partnership shall file a certificate of limited
27 partnership in the jurisdiction in which the limited
28 partnership is to be formed. The certificate must include:

29 (1) a statement that the partnership was converted
30 to a limited partnership from a partnership;

31 (2) its former name; and

1 (3) a statement of the number of votes cast by the
2 partners for and against the conversion and, if the vote
3 is less than unanimous, the number or percentage required
4 to approve the conversion under the partnership
5 agreement.

6 (d) The conversion takes effect when the certificate of
7 limited partnership is filed or at any later date specified
8 in the certificate.

9 (e) A general partner who becomes a limited partner as a
10 result of the conversion remains liable as a general partner
11 for an obligation incurred by the partnership before the
12 conversion takes effect. If the other party to a transaction
13 with the limited partnership reasonably believes when
14 entering the transaction that the limited partner is a
15 general partner, the limited partner is liable for an
16 obligation incurred by the limited partnership within 90 days
17 after the conversion takes effect. The limited partner's
18 liability for all other obligations of the limited
19 partnership incurred after the conversion takes effect is
20 that of a limited partner as provided in the Revised Uniform
21 Limited Partnership Act.

22 Section 903. Conversion of limited partnership to
23 partnership.

24 (a) A limited partnership may be converted to a
25 partnership pursuant to this Section.

26 (b) Notwithstanding a provision to the contrary in a
27 limited partnership agreement, the terms and conditions of a
28 conversion of a limited partnership to a partnership must be
29 approved by all of the partners.

30 (c) After the conversion is approved by the partners,
31 the limited partnership shall cancel its certificate of
32 limited partnership.

33 (d) The conversion takes effect when the certificate of

1 limited partnership is canceled.

2 (e) A limited partner who becomes a general partner as a
3 result of the conversion remains liable only as a limited
4 partner for an obligation incurred by the limited partnership
5 before the conversion takes effect. Except as otherwise
6 provided in Section 306, the partner is liable as a general
7 partner for an obligation of the partnership incurred after
8 the conversion takes effect.

9 Section 904. Effect of conversion; entity unchanged.

10 (a) A partnership or limited partnership that has been
11 converted pursuant to this article is for all purposes the
12 same entity that existed before the conversion.

13 (b) When a conversion takes effect:

14 (1) all property owned by the converting
15 partnership or limited partnership remains vested in the
16 converted entity;

17 (2) all obligations of the converting partnership
18 or limited partnership continue as obligations of the
19 converted entity; and

20 (3) an action or proceeding pending against the
21 converting partnership or limited partnership may be
22 continued as if the conversion had not occurred.

23 Section 905. Merger of partnerships.

24 (a) Pursuant to a plan of merger approved as provided in
25 subsection (c) of this Section, a partnership may be merged
26 with one or more partnerships or limited partnerships.

27 (b) The plan of merger must set forth:

28 (1) the name of each partnership or limited
29 partnership that is a party to the merger;

30 (2) the name of the surviving entity into which the
31 other partnerships or limited partnerships will merge;

32 (3) whether the surviving entity is a partnership

1 or a limited partnership and the status of each partner;

2 (4) the terms and conditions of the merger;

3 (5) the manner and basis of converting the
4 interests of each party to the merger into interests or
5 obligations of the surviving entity, or into money or
6 other property in whole or part; and

7 (6) the street address of the surviving entity's
8 chief executive office.

9 (c) The plan of merger must be approved:

10 (1) in the case of a partnership that is a party to
11 the merger, by all of the partners, or a number or
12 percentage specified for merger in the partnership
13 agreement; and

14 (2) in the case of a limited partnership that is a
15 party to the merger, by the vote required for approval of
16 a merger by the law of the State or foreign jurisdiction
17 in which the limited partnership is organized and, in the
18 absence of such a specifically applicable law, by all of
19 the partners, notwithstanding a provision to the contrary
20 in the partnership agreement.

21 (d) After a plan of merger is approved and before the
22 merger takes effect, the plan may be amended or abandoned as
23 provided in the plan.

24 (e) The merger takes effect on the later of:

25 (1) the approval of the plan of merger by all
26 parties to the merger, as provided in subsection (c);

27 (2) the filing of all documents required by law to
28 be filed as a condition to the effectiveness of the
29 merger; or

30 (3) any effective date specified in the plan of
31 merger.

32 Section 906. Effect of merger.

33 (a) When a merger takes effect:

1 (1) the separate existence of every partnership or
2 limited partnership that is a party to the merger, other
3 than the surviving entity, ceases;

4 (2) all property owned by each of the merged
5 partnerships or limited partnerships vests in the
6 surviving entity;

7 (3) all obligations of every partnership or limited
8 partnership that is a party to the merger become the
9 obligations of the surviving entity; and

10 (4) an action or proceeding pending against a
11 partnership or limited partnership that is a party to the
12 merger may be continued as if the merger had not
13 occurred, or the surviving entity may be substituted as a
14 party to the action or proceeding.

15 (b) The Secretary of State of this State is the agent
16 for service of process in an action or proceeding against a
17 surviving foreign partnership or limited partnership to
18 enforce an obligation of a domestic partnership or limited
19 partnership that is a party to a merger. The surviving entity
20 shall promptly notify the Secretary of State of the mailing
21 address of its chief executive office and of any change of
22 address. Upon receipt of process, the Secretary of State
23 shall mail a copy of the process to the surviving foreign
24 partnership or limited partnership.

25 (c) A partner of the surviving partnership or limited
26 partnership is liable for:

27 (1) all obligations of a party to the merger for
28 which the partner was personally liable before the
29 merger;

30 (2) all other obligations of the surviving entity
31 incurred before the merger by a party to the merger, but
32 those obligations may be satisfied only out of property
33 of the entity; and

34 (3) except as otherwise provided in Section 306 of

1 this Act, all obligations of the surviving entity
2 incurred after the merger takes effect, but those
3 obligations may be satisfied only out of property of the
4 entity if the partner is a limited partner.

5 (d) If the obligations incurred before the merger by a
6 party to the merger are not satisfied out of the property of
7 the surviving partnership or limited partnership, the general
8 partners of that party immediately before the effective date
9 of the merger shall contribute the amount necessary to
10 satisfy that party's obligations to the surviving entity, in
11 the manner provided in Section 807 or in the Limited
12 Partnership Act of the jurisdiction in which the party was
13 formed, as the case may be, as if the merged party were
14 dissolved.

15 (e) A partner of a party to a merger who does not become
16 a partner of the surviving partnership or limited partnership
17 is dissociated from the entity, of which that partner was a
18 partner, as of the date the merger takes effect. The
19 surviving entity shall cause the partner's interest in the
20 entity to be purchased under Section 701 of this Act or
21 another statute specifically applicable to that partner's
22 interest with respect to a merger. The surviving entity is
23 bound under Section 702 by an act of a general partner
24 dissociated under this subsection, and the partner is liable
25 under Section 703 for transactions entered into by the
26 surviving entity after the merger takes effect.

27 Section 907. Statement of merger.

28 (a) After a merger, the surviving partnership or limited
29 partnership may file a statement that one or more
30 partnerships or limited partnerships have merged into the
31 surviving entity.

32 (b) A statement of merger must contain:

33 (1) the name of each partnership or limited

1 partnership that is a party to the merger;

2 (2) the name of the surviving entity into which the
3 other partnerships or limited partnerships were merged;

4 (3) the street address of the surviving entity's
5 chief executive office and of an office in this State, if
6 any; and

7 (4) whether the surviving entity is a partnership
8 or a limited partnership.

9 (c) Except as otherwise provided in subsection (d) of
10 this Section, for the purposes of Section 302, property of
11 the surviving partnership or limited partnership which before
12 the merger was held in the name of another party to the
13 merger is property held in the name of the surviving entity
14 upon filing a statement of merger.

15 (d) For the purposes of Section 302, real property of
16 the surviving partnership or limited partnership which before
17 the merger was held in the name of another party to the
18 merger is property held in the name of the surviving entity
19 upon recording a certified copy of the statement of merger in
20 the office for recording transfers of that real property.

21 (e) A filed and, if appropriate, recorded statement of
22 merger, executed and declared to be accurate pursuant to
23 Section 105(c), stating the name of a partnership or limited
24 partnership that is a party to the merger in whose name
25 property was held before the merger and the name of the
26 surviving entity, but not containing all of the other
27 information required by subsection (b) of this Section,
28 operates with respect to the partnerships or limited
29 partnerships named to the extent provided in subsections (c)
30 and (d).

31 Section 908. Merger of partnership and limited liability
32 company.

33 (a) Under a plan of merger approved under subsection (c)

1 of this Section, any one or more partnerships of this State
2 may merge with or into one or more limited liability
3 companies of this State, any other state or states of the
4 United States, or the District of Columbia, if the laws of
5 the other state or states or the District of Columbia permit
6 the merger. The partnership or partnerships and the limited
7 liability company or companies may merge with or into a
8 partnership, which may be any one of these partnerships, or
9 they may merge with or into a limited liability company,
10 which may be any one of these limited liability companies,
11 which shall be a partnership or limited liability company of
12 this State, any other state of the United States, or the
13 District of Columbia, which permits the merger.

14 (b) A plan of merger must set forth all of the
15 following:

16 (1) The name of each entity that is a party to the
17 merger.

18 (2) The name of the surviving entity into which the
19 other entities will merge.

20 (3) The type of organization of the surviving
21 entity.

22 (4) The terms and conditions of the merger.

23 (5) The manner and basis for converting the
24 interests of each party to the merger into interests,
25 obligations, or other securities of the surviving entity,
26 or into money or other property in whole or in part.

27 (6) The street address of the surviving entity's
28 principal place of business.

29 (c) The plan of merger required by subsection (b) of
30 this Section must be approved by each party to the merger in
31 accordance with all of the following:

32 (1) In the case of a partnership, by all of the
33 partners or by the number or percentage of the partners
34 required to approve a merger specified in the partnership

1 agreement.

2 (2) In the case of a limited liability company, by
3 all members or by the number or percentage of members
4 required to approve a merger specified in the operating
5 agreement.

6 (d) After a plan of merger is approved and before the
7 merger takes effect, the plan may be amended or abandoned as
8 provided in the plan of merger.

9 (e) After approval of the plan of merger under this
10 Section, unless the merger is abandoned under subsection (d)
11 of this Section, a statement of merger must be signed on
12 behalf of each party to the merger and delivered to the
13 Secretary of State of this State for filing. The statement of
14 merger must set forth all of the following:

15 (1) The name and, in the case of a limited
16 liability partnership, jurisdiction of each partnership
17 and the name and jurisdiction of organization of each
18 limited liability company that is a party to the merger.

19 (2) That a plan of merger has been approved and
20 signed by each partnership and each limited liability
21 company that is a party to the merger.

22 (3) The name and address of the surviving
23 partnership or surviving limited liability company.

24 (4) The effective date of the merger.

25 (5) If a party to the merger is a foreign limited
26 liability company or a foreign limited liability
27 partnership, the jurisdiction and date of the filing of
28 its articles of organization or statement of
29 qualification, as the case may be, and the date when its
30 application for authority was filed with the Secretary of
31 State of this State or, if an application has not been
32 filed, a statement to that effect.

33 (6) If the surviving entity is not a partnership or
34 limited liability company organized under the laws of

1 this State, an agreement that the surviving entity may be
2 served with process in this State and is subject to
3 liability in any action or proceeding for the enforcement
4 of any liability or obligation of any partnership or
5 limited liability company which is a party to the merger
6 or which was previously subject to suit in this State,
7 and for the enforcement, as provided in this Act, of the
8 right of partners of any partnership or members of any
9 limited liability company to receive payment for their
10 interests in the partnership or limited liability
11 company, as the case may be, against the surviving
12 entity.

13 (f) If a foreign limited liability company or a foreign
14 limited liability partnership is the surviving entity of a
15 merger, it may not do business in this State until an
16 application for that authority is filed with the Secretary of
17 State.

18 (g) The surviving partnership or other entity shall
19 furnish a copy of the plan of merger, on request, and without
20 cost, to any person holding an interest in an entity that is
21 to merge.

22 (h) To the extent that the statement of merger is
23 inconsistent with the articles of organization of a limited
24 liability company or the statement of qualification of a
25 limited liability partnership, the statement of merger shall
26 operate as an amendment to the articles of organization or
27 statement of qualification, as the case may be.

28 (i) The merger is effective upon the filing of the
29 statement of merger with the Secretary of State of this
30 State, or on a later date as specified in the statement of
31 merger not later than 30 days subsequent to the filing of the
32 statement of merger under subsection (e) of this Section.

33 (j) When any merger becomes effective under this
34 Section:

1 (1) the separate existence of each partnership and
2 each limited liability company that is a party to the
3 merger, other than the surviving entity, terminates;

4 (2) all property owned by each partnership and each
5 limited liability company that is a party to the merger
6 vests in the surviving entity;

7 (3) all debts, liabilities, and other obligations
8 of each partnership and each limited liability company
9 that is a party to the merger become the obligations of
10 the surviving entity;

11 (4) an action or proceeding by or against a
12 partnership or limited liability company that is a party
13 to the merger may be continued as if the merger had not
14 occurred or the surviving entity may be substituted as a
15 party to the action or proceeding; and

16 (5) except as prohibited by other law, all the
17 rights, privileges, immunities, powers, and purposes of
18 each partnership and limited liability company that is a
19 party to the merger vest in the surviving entity.

20 (k) The Secretary of State of this State is an agent for
21 service of process in an action or proceeding against any
22 surviving foreign entity to enforce an obligation of any
23 party to a merger if the surviving foreign entity fails to
24 appoint or maintain an agent designated for service of
25 process in this State or the agent for service of process
26 cannot with reasonable diligence be found at the designated
27 office. Service is effected under this subsection (k) at the
28 earliest of:

29 (1) the date the surviving entity receives the
30 process notice or demand;

31 (2) the date shown on the return receipt, if signed
32 on behalf of the surviving entity; or

33 (3) 5 days after its deposit in the mail, if mailed
34 postpaid and correctly addressed.

1 (1) Service under subsection (k) of this Section shall
2 be made by the person instituting the action by doing all of
3 the following:

4 (1) Serving on the Secretary of State of this
5 State, or on any employee having responsibility for
6 administering this Act in his or her office, a copy of
7 the process, notice, or demand, together with any papers
8 required by law to be delivered in connection with
9 service and paying the fee prescribed by Section 108 of
10 this Act.

11 (2) Transmitting notice of the service on the
12 Secretary of State of this State and a copy of the
13 process, notice, or demand and accompanying papers to the
14 surviving entity being served, by registered or certified
15 mail at the address set forth in the statement of merger.

16 (3) Attaching an affidavit of compliance with this
17 Section, in substantially the form that the Secretary of
18 State of this State may by rule prescribe, to the
19 process, notice, or demand.

20 (m) Nothing contained in this Section shall limit or
21 affect the right to serve any process, notice, or demand
22 required or permitted by law to be served upon a partnership
23 in any other manner now or hereafter permitted by law.

24 (n) The Secretary of State of this State shall keep, for
25 a period of 5 years from the date of service, a record of all
26 processes, notices, and demands served upon him or her under
27 this Section and shall record the time of the service and the
28 person's action with reference to the service.

29 (o) Except as provided by agreement with a person to
30 whom a partner of a partnership is obligated, a merger of a
31 partnership that has become effective shall not affect any
32 obligation or liability existing at the time of the merger of
33 a partner of a partnership that is merging.

- 1 (1) the name of the partnership;
- 2 (2) the street address of the partnership's chief
- 3 executive office and, if different, the street address of
- 4 an office in this State, if any;
- 5 (3) the name and street address of the
- 6 partnership's agent for service of process;
- 7 (4) the number of partners;
- 8 (5) a brief statement of the business in which the
- 9 partnership engages;
- 10 (6) a statement that the partnership applies for
- 11 qualification as a limited liability partnership; and
- 12 (7) a deferred effective date, if any, of an
- 13 application for status as a limited liability
- 14 partnership.

15 (d) The agent of a limited liability partnership for
16 service of process must be an individual who is a resident of
17 this State or other person authorized to do business in this
18 State.

19 (e) The status of a partnership as a limited liability
20 partnership is effective on the later of the filing of the
21 statement or a date specified in the statement and the
22 receipt by the Secretary of State of the required fee. The
23 status remains effective for one year after the date a
24 statement of qualification is filed, regardless of changes in
25 the partnership, unless the partnership voluntarily withdraws
26 by filing a statement of withdrawal, in which event the
27 status of the partnership as a limited liability partnership
28 shall terminate on the date such statement is filed or, if
29 later, a date specified on the statement.

30 (f) The status of a partnership as a limited liability
31 partnership and the liability of its partners is not affected
32 by errors or later changes in the information required to be
33 contained in the statement of qualification under subsection
34 (c) of this Section.

1 (g) The filing of a statement of qualification
2 establishes that a partnership has satisfied all conditions
3 precedent to the qualification of the partnership as a
4 limited liability partnership.

5 (h) An amendment or cancellation of a statement of
6 qualification is effective when it is filed or on a deferred
7 effective date specified in the amendment or cancellation.

8 (i) The Secretary of State shall register as a limited
9 liability partnership any partnership that submits a
10 completed application with the required fee.

11 (j) The Secretary of State shall provide statements for
12 registration application, renewal of registration and
13 voluntary cancellation.

14 Section 1002. Name. The name of a limited liability
15 partnership must end with "Registered Limited Liability
16 Partnership", "Limited Liability Partnership", "R.L.L.P.",
17 "L.L.P.", "RLLP", or "LLP".

18 Section 1003. Renewal statements.

19 (a) A limited liability partnership, and a foreign
20 limited liability partnership authorized to transact business
21 in this State, shall file a renewal statement in the Office
22 of the Secretary of State which contains:

23 (1) the name of the partnership;

24 (2) the street address of the partnership's chief
25 executive office and, if different, the street address of
26 an office in this State, if any;

27 (3) the name and street address of the
28 partnership's agent for service of process;

29 (4) if the partnership is a domestic limited
30 liability partnership, the number of partners;

31 (5) a brief statement of the business in which the
32 partnership engages; and

1 Section 1102. Statement of foreign qualification.

2 (a) Before transacting or continuing to transact
3 business in this State, a foreign limited liability
4 partnership must file a statement of qualification or a
5 renewal statement under Section 1001; provided, however, that
6 the statement must contain:

7 (1) the name of the foreign limited liability
8 partnership which satisfies the requirements of the state
9 or other jurisdiction under whose law it is formed and
10 ends with "Registered Limited Liability Partnership",
11 "Limited Liability Partnership", "R.L.L.P.", "L.L.P.",
12 "RLLP", or "LLP";

13 (2) the street address of the partnership's chief
14 executive office and, if different, the street address of
15 an office of the partnership in this State, if any;

16 (3) the name and street address of the
17 partnership's agent for service of process;

18 (4) a brief statement of the business in which the
19 partnership engages;

20 (5) a deferred effective date, if any; and

21 (6) a document or documents sufficient under the
22 laws of the state or jurisdiction in which the limited
23 liability partnership is organized to constitute official
24 certification of current status in good standing as a
25 registered limited liability partnership under the laws
26 of that state or jurisdiction.

27 (b) A foreign partnership may not use an assumed or
28 fictitious name in the conduct of its business to
29 intentionally misrepresent the geographic origin or location
30 of the partnership. This subsection (b) does not apply to any
31 foreign limited liability partnership that has gross annual
32 revenues in excess of \$100,000,000.

33 (c) A person shall not advertise or cause to be listed
34 in a telephone directory an assumed or fictitious business

1 name that intentionally misrepresents where the business is
2 actually located or operating or falsely states that the
3 business is located or operating in the area covered by the
4 telephone directory. This subsection (c) does not apply to a
5 telephone service provider or to the publisher or distributor
6 of a telephone service directory, unless the conduct
7 prescribed in this subsection (c) is on behalf of that
8 telephone service provider or that publisher or distributor.
9 This subsection (c) does not apply to any foreign limited
10 liability partnership that has gross annual revenues in
11 excess of \$100,000,000.

12 (d) A foreign limited liability partnership that
13 violates this Section is guilty of a petty offense and must
14 be fined not less than \$501 and not more than \$1,000. A
15 foreign limited liability partnership is guilty of an
16 additional offense for each additional day in violation of
17 this Section.

18 (e) The agent of a foreign limited liability partnership
19 for service of process must be an individual who is a
20 resident of this State or other person authorized to do
21 business in this State.

22 (f) The status of a partnership as a foreign limited
23 liability partnership is effective on the later of the filing
24 of the statement of foreign qualification or a date specified
25 in the statement. The status remains effective, regardless of
26 changes in the partnership, unless the partnership
27 voluntarily withdraws by filing a statement of withdrawal, in
28 which event the status of the partnership as a foreign
29 limited liability partnership shall terminate on the date
30 such statement is filed or, if later, a date specified on the
31 statement.

32 (g) An amendment or cancellation of a statement of
33 foreign qualification is effective when it is filed or on a
34 deferred effective date specified in the amendment or

1 cancellation.

2 (h) The Secretary of State shall register as a limited
3 liability partnership any foreign limited liability
4 partnership that submits a completed application with the
5 required fee.

6 Section 1103. Effect of failure to qualify.

7 (a) A foreign limited liability partnership transacting
8 business in this State may not maintain an action or
9 proceeding in this State unless it has in effect a statement
10 of foreign qualification.

11 (b) The failure of a foreign limited liability
12 partnership to have in effect a statement of foreign
13 qualification does not impair the validity of a contract or
14 act of the foreign limited liability partnership or preclude
15 it from defending an action or proceeding in this State.

16 (c) A limitation on personal liability of a partner is
17 not waived solely by transacting business in this State
18 without a statement of foreign qualification.

19 (d) If a foreign limited liability partnership transacts
20 business in this State without a statement of foreign
21 qualification, the Secretary of State is its agent for
22 service of process with respect to a right of action arising
23 out of the transaction of business in this State.

24 Section 1104. Activities not constituting transacting
25 business.

26 (a) Activities of a foreign limited liability
27 partnership which do not constitute transacting business for
28 the purpose of this Article include:

29 (1) maintaining, defending, or settling an action
30 or proceeding;

31 (2) holding meetings of its partners or carrying on
32 any other activity concerning its internal affairs;

1 (3) maintaining bank accounts;

2 (4) maintaining offices or agencies for the
3 transfer, exchange, and registration of the partnership's
4 own securities or maintaining trustees or depositories
5 with respect to those securities;

6 (5) selling through independent contractors;

7 (6) soliciting or obtaining orders, whether by mail
8 or through employees or agents or otherwise, if the
9 orders require acceptance outside this State before they
10 become contracts;

11 (7) creating or acquiring indebtedness, with or
12 without a mortgage, or other security interest in
13 property;

14 (8) collecting debts or foreclosing mortgages or
15 other security interests in property securing the debts,
16 and holding, protecting, and maintaining property so
17 acquired;

18 (9) conducting an isolated transaction that is
19 completed within 30 days and is not one in the course of
20 similar transactions; and

21 (10) transacting business in interstate commerce.

22 (b) For purposes of this Article, the ownership in this
23 State of income-producing real property or tangible personal
24 property, other than property excluded under subsection (a)
25 of this Section, constitutes transacting business in this
26 State.

27 (c) This Section does not apply in determining the
28 contacts or activities that may subject a foreign limited
29 liability partnership to service of process, taxation, or
30 regulation under any other law of this State.

31 Section 1105. Action by Attorney General. The Attorney
32 General may maintain an action to restrain a foreign limited
33 liability partnership from transacting business in this State

1 in violation of this Article.

2 ARTICLE 12

3 MISCELLANEOUS PROVISIONS

4 Section 1201. Uniformity of application and construction.
5 This Act shall be applied and construed to effectuate its
6 general purpose to make uniform the law with respect to the
7 subject of this Act among States enacting it.

8 Section 1202. Short title. (See Section 100 for short
9 title.)

10 Section 1203. Severability clause. If any provision of
11 this Act or its application to any person or circumstance is
12 held invalid, the invalidity does not affect other provisions
13 or applications of this Act which can be given effect without
14 the invalid provision or application, and to this end the
15 provisions of this Act are severable.

16 Section 1204. Effective date. (See Section 1299 for
17 effective date.)

18 Section 1205. Repealer. (See Section 1290 for repeals.)

19 Section 1206. Applicability.

20 (a) Before January 1, 2008, this Act governs only a
21 partnership formed:

22 (1) on or after January 1, 2003, except a
23 partnership that is continuing the business of a
24 dissolved partnership under Section 33 of the superseded
25 Uniform Partnership Act; and

26 (2) before January 1, 2003, that elects, as
27 provided by subsection (c) of this Section, to be

1 governed by this Act.

2 (b) On and after January 1, 2008, this Act governs all
3 partnerships.

4 (c) Before January 1, 2008, a partnership voluntarily
5 may elect, in the manner provided in its partnership
6 agreement or by law for amending the partnership agreement,
7 to be governed by this Act. The provisions of this Act
8 relating to the liability of the partnership's partners to
9 third parties apply to limit those partners' liability to a
10 third party who had done business with the partnership within
11 one year before the partnership's election to be governed by
12 this Act only if the third party knows or has received a
13 notification of the partnership's election to be governed by
14 this Act.

15 Section 1207. Savings clause. This Act does not affect an
16 action or proceeding commenced or right accrued before this
17 Act takes effect.

18 Section 1290. The Uniform Partnership Act is amended by
19 adding Part VII as follows:

20 (805 ILCS 205/Part VII heading new)

21 PART VII. APPLICABILITY; REPEAL

22 (805 ILCS 205/90 new)

23 Sec. 90. Applicability of Act.

24 (a) Except as provided in subsection (b), this Act
25 governs a partnership formed before January 1, 2003. This
26 Act governs a partnership formed after December 31, 2002 and
27 before January 1, 2008 only if that partnership is continuing
28 the business of a dissolved partnership under Section 33. A
29 partnership may not be formed under this Act on or after
30 January 1, 2003 unless it is continuing the business of a

1 dissolved partnership under Section 33.

2 (b) A partnership formed before January 1, 2003 may
3 voluntarily elect to be governed, before January 1, 2008, by
4 the Uniform Partnership Act (1997) as provided in Section
5 1206 of that Act.

6 (805 ILCS 205/95 new)

7 Sec. 95. Repeal. This Act is repealed on January 1,
8 2008.

9 Section 1295. The Revised Uniform Limited Partnership
10 Act is amended by changing Sections 201 and 1204 and adding
11 Section 805 as follows:

12 (805 ILCS 210/201) (from Ch. 106 1/2, par. 152-1)

13 Sec. 201. Certificate of Limited Partnership.

14 (a) In order to form a limited partnership, a
15 certificate of limited partnership must be executed and filed
16 in the office of the Secretary of State in Springfield or
17 Chicago. Certificates may be filed in such additional
18 offices as the Secretary of State may designate. The
19 certificate shall set forth:

20 (1) the name of the limited partnership;

21 (2) the purposes for which the partnership is
22 formed, which may be stated to be, or to include, the
23 transaction of any or all lawful businesses for which
24 limited partnerships may be formed under this Act;

25 (3) the address of the office at which the records
26 required to be maintained by Section 104 are kept and the
27 name of its registered agent and the address of its
28 registered office required to be maintained by Section
29 103;

30 (4) the name and business address of each general
31 partner;

1 (5) the latest date, if any, upon which the limited
2 partnership is to dissolve;

3 (6) any other matters the partners determine to
4 include therein; and

5 (7) any other information the Secretary of State
6 shall by rule deem necessary to administer this Act.

7 (b) A limited partnership is formed at the time of the
8 filing of the certificate of limited partnership in the
9 office of the Secretary of State or at any later time, not
10 more than 60 days subsequent to the filing of the certificate
11 of limited partnership, specified in the certificate of
12 limited partnership if, in either case, there has been
13 substantial compliance with the requirements of this Section.

14 (c) A limited partnership may be formed by converting a
15 partnership to a limited partnership as provided in Section
16 902 of the Uniform Partnership Act (1997).

17 (Source: P.A. 92-33, eff. 7-1-01.)

18 (805 ILCS 210/805 new)

19 Sec. 805. Conversion to partnership. A limited
20 partnership may be converted to a partnership as provided in
21 Section 903 of the Uniform Partnership Act (1997).

22 (805 ILCS 210/1204) (from Ch. 106 1/2, par. 162-4)

23 Sec. 1204. Rules for Cases Not Provided for in this Act.
24 Before January 1, 2008, in any case not provided for in this
25 Act the provisions of the Uniform Partnership Act govern if
26 that Act is otherwise applicable as provided in Section 90 of
27 that Act. After December 31, 2002, in any case not provided
28 for in this Act, the provisions of the Uniform Partnership
29 Act (1997) govern if that Act is otherwise applicable as
30 provided in Section 1206 of that Act.

31 (Source: P.A. 84-1412.)

1 Section 1299. Effective date. This Act takes effect on
2 January 1, 2003.